

Message Text

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PAGE 01 TAIPEI 06309 150902Z

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SUBJECT: MARKET DATA: SUPPLEMENTARY INFORMATION:

LIVESTOCK AND DAIRY EQUIPMENT, ROC

REF: STATE 212776

SUMMARY: ON BASIS OF PRELIMINARY EXAMINATION OF SUBJECT JEEP CONCEPT AND DISCUSSIONS WITH OFFICIALS OF THE JOINT COMMISSION ON RURAL RECONSTRUCTION (JCRR) AND THE ECONOMIC PLANNING COUNCIL OF THE EXECUTIVE YUAN, AS WELL AS WITH REPRESENTATIVES OF PRIVATE LIVESTOCK CONCERNS. POST IS DOUBTFUL THAT JEEP CONCEPT WILL BE SUCCESSFUL IN CURRENT FINANCIALLY DEPRESSED LIVESTOCK MARKET. POST RECOMMENDS THAT BEEF AND DAIRY CATTLE BREEDING AND PRODUCTION EQUIPMENT NOT BE INCLUDED IN JEEP CONCEPT. POSSIBILITIES MAY EXIST FOR POULTRY AND HOG BREEDING AND PRODUCTION EQUIPMENT ALONG WITH LABORATORY AND VETERINARY EQUIPMENT. MORE DEFINITIVE COMMENTS ON THIS WILL BE FORTHCOMING.

1. THE FOLLOWING ARE LIVESTOCK PRODUCTION STATISTICS OBTAINED FROM DEPARTMENT OF AGRICULTURE AND FORESTRY TAIWAN PROVINCIAL GOVERNMENT:

PERIOD	CATTLE	HOG	FOWL
	SLAUGHTERED	SLAUGHTERED	SLAUGHTERED

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 TAIPEI 06309 150902Z

1972	26,277	4,537,263	57,667,000
1973	33,152	5,803,702	52,470,000

2. POST'S AGRICULTURAL ATTACHE, ASSISTANT COMMERCIAL ATTACHE AND TRADE CENTER STAFF CONCUR THAT IN THE CURRENT FINANCIALLY DEPRESSED LIVESTOCK MARKET, THE JEEP CONCEPT PER REFTEL IS NOT LIKELY TO BE VERY SUCCESSFUL. AMID LAST YEAR'S RISING FEED PRICES AND A RELATIVE ABUNDANCE OF HOGS AND FOWL, LIVESTOCK PRODUCERS FOUND IT UNPROFITABLE TO EXPAND. RESULTING CUTBACKS IN PRODUCTION CREATED A HOG AND FOWL SHORTAGE WHICH IN TURN RAISED THE PRICES OF THESE ITEMS.

3. THE PRICE OF PORK IN TAIWAN IS APPROACHING THE PRICE OF BEEF, A COMMODITY WHICH FOR SOME YEARS HAS BEEN SCARCE IN TAIWAN, BUT FOR WHICH DEMAND IS INCREASING. THE PRICES OF BOTH BEEF AND PORK ARE NEARING THE UPPERMOST LIMIT THE MARKET WILL BEAR. WHILE GROC OFFICIALS ON THE ONE HAND ARE RELUCTANT TO IMPOSE PRICE CONTROLS FOR FEAR OF CREATING DISINCENTIVES FOR LIVESTOCK PRODUCERS, THEY ARE ON THE OTHER HAND CONCERNED THAT LITTLE CAN BE DONE WITHIN THE NEXT YEAR OR TWO TO RENDER LIVESTOCK PRODUCTION MORE PROFITABLE, TO INCREASE THE SUPPLY OF MEAT AND TO HOLD MEAT PRICES DOWN. WHEN THESE FACTORS ARE CONSIDERED TOGETHER, IT APPEARS THAT THE SUCCESS OF A JEEP ON LIVESTOCK AND DAIRY EQUIPMENT WOULD BE LIMITED; PURCHASE OF EQUIPMENT WOULD BE NEGLIGIBLE.

4. ON THE BASIS OF THE AGRICULTURAL ATTACHE'S DISCUSSIONS WITH THE JOINT COMMISSION ON RURAL RECONSTRUCTION (JCRR) AS WELL AS WITH WEI CHUAN AND I MEI, THE TWO LARGEST DAIRY CONCERNS IN TAIWAN. POST RECOMMENDS THAT BEEF AND DAIRY CATTLE BREEDING AND PRODUCTION EQUIPMENT NOT BE INCLUDED IN JEEP CONCEPT. NEITHER THE JCRR NOR THE TWO DAIRY CONCERNS ANTICIPATE EXPANDING OR PURCHASING LARGE AMOUNTS OF DAIRY PRODUCTION EQUIPMENT IN THE NEXT YEAR OR MORE. FURTHERMORE, MOST BEEF AND DAIRY PRODUCTS, ESPECIALLY POWDERED MILK, ARE IMPORTED FROM AUSTRALIA AND NEW ZEALAND, AND DAIRY PRODUCTS ARE YET TO BECOME A MAJOR ITEM IN THE CHINESE DIET.

5. POST IS CURRENTLY EXAMINING POSSIBILITIES FOR A JEEP ON UNCLASSIFIED

UNCLASSIFIED

PAGE 03 TAIPEI 06309 150902Z

HOG AND FOWL BREEDING AND PRODUCTION EQUIPMENT ALONG WITH LABORATORY AND VETERINARY EQUIPMENT. MORE DEFINITIVE COMMENTS ON THIS WILL BE FORTHCOMING.
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